

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: GTE MIDWEST INCORPORATED	DOCKET NO. WRU-99-20-263
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ORDER GRANTING INTERVENTION AND DENYING REQUEST FOR WAIVER

(Issued July 8, 1999)

On May 17, 1999, GTE Midwest Incorporated (GTE) filed a request for waiver of the Board's Extended Area Service (EAS) rules as applied to its Nichols, Iowa, exchange. In support of its request, GTE states it has received a petition from customers in its Nichols exchange requesting EAS between Nichols and West Liberty. GTE alleges that EAS may no longer be a viable service in Iowa; that point-to-point usage studies tend to understate actual toll traffic due to equal access and other alternatives; and that GTE's own Local Calling Plans provide a superior alternative. Accordingly, GTE requests a waiver of the Board rules regarding the procedures and requirements for establishing EAS between Nichols and West Liberty until after GTE files proposed tariffs with Local Calling Plans for the Nichols exchange. If, after implementation of the Local Calling Plan, the customers of Nichols are still interested in EAS with West Liberty, GTE proposes to require that they submit a new petition and re-start the EAS process.

On June 17, 1999, Liberty Communications, a division of the West Liberty Telephone Company (Liberty), filed a letter requesting intervention in this docket. In

its letter, Liberty states GTE's Local Calling Plans are not an adequate substitute for EAS from the Nichols exchange to West Liberty. Liberty has announced it will include EAS for its West Liberty customers for free if the customers in the Nichols exchange approve EAS to West Liberty. This two-way EAS opportunity will not be available if the Board grants GTE's request for waiver.

Liberty further states the Nichols subscribers should have the opportunity to approve or reject EAS to West Liberty on its own merits. Liberty asserts that recent experience with EAS between West Liberty and Atalissa, another GTE exchange, indicates there is a community of interest that will best be served by two-way EAS, rather than GTE's Local Calling Plans. Liberty notes that the majority of the Nichols exchange area, like the Atalissa exchange, is located in the West Liberty school district and both towns are within five to seven miles of West Liberty. Liberty argues that GTE's Local Calling Plan does not economically meet subscriber needs to call West Liberty for business or school purposes.

The Board will grant Liberty's request for intervention, so that its comments will be included in the record, and deny GTE's request for waiver. The request for waiver will be denied because the Local Calling Plans are not an adequate substitute for EAS in all situations. Local Calling Plans are optional intrastate, intraLATA, one-way offerings that permit residential and business customers to expand their local calling scope to all exchanges within a 30-mile radius. The Premium Calling Plan is priced at a flat rate of \$25 per month for residential service and \$50 per month for

business service. The Community Plus Plan is priced at \$1 per month and \$0.09 per minute for both residential and business customers.

GTE's Local Calling Plans are not currently available in Nichols. GTE's request for waiver does not specify when the plans will be available in Nichols. GTE states that it expects to add Local Calling Plans to approximately 30 exchanges with its next tariff filing, projected for July 1999, but GTE does not state whether Nichols will be one of those 30 exchanges. Moreover, GTE's request for waiver appears to contemplate that the Nichols petitioners would have to start the petition process again if they are not satisfied with the Local Calling Plans (whenever they may be available), ignoring the present existence of a valid petition.

For all of these reasons, GTE's request for waiver will be denied. In addition, GTE's Local Calling Plans, as described, cannot be valid substitutes for EAS when (1) they are substantially more expensive than the likely cost of EAS; (2) they are not yet available in the Nichols exchange; and (3) there is no apparent schedule for making them available in the Nichols exchange. These three conditions have to be met before a policy comparison by the Board between EAS and Local Calling Plans would be appropriate.

IT IS THEREFORE ORDERED:

1. The request for intervention filed in this docket on June 17, 1999, by Liberty Communications is granted.

2. The request for waiver filed by GTE Midwest Incorporated on May 17, 1999, and identified as Docket No. WRU-99-20-263, is denied.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 8th day of July, 1999.